

RMS POLICY FOR EQUITY & CURRENCY TRUSTLINE SECURITIES LIMITED

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Special Note: Kindly keep it noted that the RMS Department / management of the Company may limit the exposures / limits to one time of the available cash margin. as and when / FROM CASE TO CASE it deemed necessary, and the limits granted cannot be at any point of time, be claimed as a matter of right.

1. Introduction: This policy has been made as per the requirements of SEBI for laying down proper guidelines with respect to Investment in securities is susceptible to market risks which cannot be predicted. While the risk of loss is inherent in the market, it is important to note that the Risk Management Policy is not an insurance against losses; these are measures and precautions that are adopted to contain risks to the minimum.

The Policy is subject to change according to our risk perceptions of the market and SEBI/Exchange regulations for the time being in force.

Trustline as a Stock Broker would endeavor to elucidate and educate its Clients regarding the inherent Risks involved in dealing in Securities such as Equities, Derivatives and other instruments and broadly takes into consideration the regulatory requirement, Client Profile, Internal Risk Management Policy, Market Conditions etc., while setting up the exposure limits for and on behalf of its Clients

Trustline Securities reserves its rights to give exceptions/deviations to this policy at their discretion Scope and as per the extant Rules, Regulations and mandated laws of the Securities Exchange Board of India (in short "SEBI") and the Stock Exchange(s) and also as per the prudent practices and requirements for mitigating risks.

The following document describes the risk management policy followed by Trustline Securities. Please read it carefully as it pertains to your trading activity. The policy is applicable to all Equity as well as to Currency Segment of Trustline Securities.

2. Definitions:

2.1. RMS (Risk Management System) - This helps Trustline to manage the risk of the company and client from the volatility of the market.

2.2. Cash – This is the balance available in the customer's ledger account in our books.

2.3. Margin – The underlying stake provided by the customer in the form of cash, FDR and / or stock to mitigate market (price) or settlement (auction) risk.

2. 4. Exposure – The aggregate of the customer's obligations arising out of buy and sell trades awaiting settlement in the cash segment and profit/ loss amounts that are yet to be settled on the closed positions including future and options.

2.5. Exposure multiplier – The number of times that exposure is allowed on the underlying margin on the cash segment would have to be made either on the availability of cash margin or on the availability of the stocks (which are to be sold) in the margin account, by executing a transfer before any order is initiated.

2.6. Stock qualifying for margin in cash segment transactions – Securities in the approved list of Stock Exchange as per SEBI guidelines and Trustline.

2.7. Total Deposit – The overall client deposit available with us in the form of cash and in the form of Margin Pledge Securities only.

2.8. Active Clients: Includes those clients who are trading with no trading gap for more than 12 (Twelve) months along with those who have opened / reactivated their trading account within the given period.

2.9. Inactive Clients: Those clients with no trade for a consecutive period of 12 (Twelve) months shall be treated as inactive.

2.10. Available Fund: The credit balance available in the client's ledger as per our books.

2.11. Available Margin: Positive summation of Ledger balance + Margin pledge benefit after applying the appropriate haircuts.

What is CUSPA Stock?

As per the SEBI circular bearing Ref. No.SEBI/HO/MIRSD/MIRSD-PoD- 1/P/CIR/2022/153 dated Nov.11, 2022 and as revised from time to time, with regard to the Unpaid Securities - (i.e., the securities that have not been paid for in full by the client), it is clarified that such securities shall be transferred to respective client's demat account followed by creation of an Auto-Pledge (i.e., without any specific instruction from the client) with the reason "Unpaid", in favor of Member (Stock Broker).

Once the pending fund obligation is cleared, within the stipulated time -frame, the same shall be release from pledge, so that the securities shall be available to client as Free-Balance.

We sends the information pertaining to your T+4 and T+6 day debit via separate SMS's and request the clients to kindly go through with the same & act accordingly. Additionally, note that in case client funds obligation is not met / remains pending, then we may dispose -off such unpaid securities in the market within five trading days after the pay -out.

3. NATURE OF CUSTOMER TRANSACTIONS:

3. 1. Intraday - Cash segment: The amounts of purchase (or sale) in a scrip on any trading day that is reversed by the end of the day by making a contra sale (or purchase) of the exact

same quantity, thereby nullifying the original position.

3.2. Delivery Trades: The net purchase or sale of a scrip in a client account that is settled by way of a delivery on T+1(or as per settlement schedule). Delivery in respect of sale transactions in the cash segment has to be settled by the client by tendering securities in demat form before the pay-in deadline. Else the client faces the risk of auction.

3.3. Sell against Buying: A purchase order executed on the Exchange today and the (undelivered) purchased stock sold in its entirety on the next trading day. In this case the first transaction would be settled on T+2 while the sale would be settled on the second business day after the purchase transaction

4. Trading Platform Structure:

We have combined trading platform for equity in all exchanges (NSE, BSE) which are managed by single trading server.

For security purpose only authorized person is allowed to access the server.

5. System Network & Congestion Risk

- Trading on exchanges is in electronic mode, based on satellite/leased / Internet line based communications, combination of technologies and computer systems to place and route orders. Thus, there exists a possibility of communication failure or system problems or slow or delayed response from system or trading halt, or any such other problem/glitch whereby not being able to establish access to the trading system/network, which may be beyond control and may result in delay in processing or not processing buy or sell orders either in part or in full. You are cautioned to note that although these problems may be temporary in nature, but when you have outstanding open positions or unexecuted orders, these represent a risk because of your obligations to settle all executed transactions.

6. Policy for GSM Securities

Securities and Exchange Board of India (SEBI) and Exchanges in order to enhance market integrity and safeguard interest of investors, have been introducing various enhanced pre-emptive surveillance measures such as reduction in price band, periodic call auction and transfer of securities to Trade for Trade segment from time to time.

The main objective of these measures is to;

Alert and advise investors to be extra cautious while dealing in these securities and

Advise market participants to carry out necessary due diligence while dealing in these securities.

In continuation to various surveillance measures already implemented, SEBI and Exchanges, pursuant to discussions in joint surveillance meetings, have decided that along with the aforesaid measures there shall be additional Graded Surveillance Measures on securities with price not commensurate with financial health and fundamentals like Earnings, Book value, Fixed assets, Net-worth, P/E multiple, Market Capitalisation etc.

The list of such securities identified under GSM shall be informed to the market participants from time to time and shall be available on the exchange's website.

1. All market participants dealing in identified securities have to be extra cautious and diligent as, Exchanges and SEBI may at an appropriate time subject to satisfaction of certain criteria lay additional restrictions such as;

- Placing / continuing securities in Trade for Trade category;
- Requirement of depositing additional amount as Surveillance Deposit, which shall be retained for an extended period;
- Once in a week trading; and
- Freezing of price on upper side of trading in securities, as may be required.
- Any other surveillance measure as deemed fit in the interest of maintaining the market integrity.

2. All the aforesaid actions shall be triggered based on certain criteria and shall be made effective with a very short notice.

3. The above surveillance actions are without prejudice to the right of Exchanges and SEBI to take any other surveillance measures, in any manner, on a case to case basis or holistically depending upon the situation and circumstances as may be warranted.

4. The members trading in the identified securities either on their own account or on behalf of clients shall be kept under close scrutiny by the exchange and any misconduct shall be viewed seriously.

5. Further details of this framework are given on the Exchange's website.

7. Policy for penny Stocks

- Stocks which appear in the list of illiquid securities issued by the Exchanges every Quarter are considered penny stocks. These stocks are generally considered to be highly speculative and high risk because of their lack of liquidity, large bid-ask spreads, small capitalization and limited following and disclosure. Depending on the market condition and RMS policy of the company, Trustline reserves the right to refuse to allow trading and/or provide limits on penny stocks.

8. Basic Rules followed in RMS Department

a. Trading Limit Guidelines:

Trading limit is provided to the clients as per their ledger balance and the Margin Pledged stock value after haircut (as per approved list provided time to time):

Total Deposit = Ledger Balance+ Stock Value after Haircut (As per Approved List)
+ Fund Transfer (Same day, if any) Trading Limit

for Cash Segment:

Trading limit for cash intraday/Delivery is given as per group of securities provided in approved list:

Group	Intraday(MIS)	Delivery
Group1	5	5
Group2	5	3.3
Group3	5	2.5
Group4	5	1.67
Group5	5	1.25

Trading Limit for Future & Option/CDS Segment:

In FNO/CDS segment margin is provided one time of the total deposit available by default.

Client Margin Deposit Calculation for FNO/CDS:

An upfront margin is required from client to trade in F&O/CDS segment

All margin deposit of a client will be valued on T-1 day for T Day (Example. Trading Day (T Day): Tuesday 30th Aug 2017: All margin deposit will be valued according Date 29th Aug .2017 i.e. (T-1 Day)

Note

- 1) T-1 margin does not include trading date FNO/CDS MTM and credit posting which will actually be treated as accrued for T Day reporting.
- 2) Option sold premium will not be considered for limit purpose for Future although same can be considered for buying premium option of the same value.
- 3) Any MTM (either booked or notional) shall not be considered for limit purpose till settlement of the same.

A credit of sale 80% shall be provided in stock sell out (Subject to early payin depositories system) but no credit shall be provided in case of BTST stock selling.

Special Note: Kindly keep it noted that the RMS Department / management of the Company may limit the exposures / limits to one time of the available cash margin. as and when / FROM CASE TO CASE it deemed necessary, and the limits granted cannot be at any point of time, be claimed as a matter of right.

b. Negotiable Instrument Guidelines:

A Negotiable instrument payable to us is a mode for monetary transfer from Client side.

A negotiable instrument is categorized in following breakdowns according to their nature and relevance for necessary consideration and benefits thereto.

Negotiable Instrument (Class A)

- Fund Transfers:

A fund transfer by the mode of registered bank account of client with us is considered as a liquid fund reported for consideration of margin money available with us.

- Same Day Same bank Cheque Clearing:

A Same Day Same bank Cheque Clearing is a cheque issued in the name of Trustline Securities Ltd. deposited in the same bank to us; the submission of such cheques should be reported in stipulated format.

Negotiable Instrument (Class B):

- Cheque Deposited to Other Banks:

A Cheque Deposited to Other Banks is a Cheque issued in the name of Trustline Securities Ltd. deposited in the different bank from the issuer bank in accounts of Trustline Securities Ltd. for clearing to us; the nature of clearing is moderate and may take from 2-7 days' time, the submission of such cheques should be reported in stipulated format.

c) 6 Days Debit Balance in Client's Account Guidelines

- If the client fails to pay the fund against the debit balance arising out of the stocks purchased for more than fifth trading day starts from the date of pay- in, then no further exposure will be granted to the client from the sixth trading day (starts from the date of pay-in) though the client has fully paid collaterals are available for margin).
- RMS may sell the stocks of the client after due intimation to clear the 6 days debit balances.
- All Collection of Negotiable instrument for the debit balances should be informed in a stipulated format (provided under "Important Guidelines Heading").

d) Short Margin Guidelines:

- In case client carries forward Span Margin more than the available(As per Client Margin Deposit Calculation for CM / FNO/CDS) balance after deducting MTM, then he will have to pay-in the short margin by next trading day morning before 10:00 A.M. Clients shall be solely responsible to deposit the short margin. If client fails to mark up the short margin by above given time, than the positions shall be squared off / reduced to the extent of margin available in the respective client's ledger.
- Clients are informed for their short margin by SMS and Daily Margin Report by e-mail, after the final settlement/trade processing.
- Stock or FO selection category is not a practice (RMS square off of stocks or F&O is a random process of selection and request to consider selective stock or contracts for square off is not considered)
- All Collection of Negotiable instrument for short margin instances should be collected and reported in a stipulated format, Negotiable instruments (Fund Transfer, Same day same bank Clearing) will be considered to hold the positions reported before 9:00 AM in stipulated format at designated should be punched on cheque portal.
- In case of Short Margin Square Off in cash segment, If Group 1 Approved stocks are squared off the amount to the extent the stocks will be squared off will be 5 times of the short margin amount being reported, Group 2 Approved stocks are squared off the amount to the extent the stocks will be squared off will be 4 times of the short margin amount being reported and If Group 3 Approved stocks are squared off the amount to the extent the stocks will be squared off will be 2 times of the short margin amount being reported, If Un- Approved Category stocks are squared off the amount to the extent the stocks will be squared off will be 1 times of the short margin amount being reported.(Approved List is sent to official email id of Branch Manager and Business Associates on regular basis)

- MTM either booked or notional will not be considered while squaring off short margin positions in FO and CDS since same will be posted on T+1 day and will be considered margin for next trading day
- Option sold premium will not be considered for squaring of FO/CDS short margin
- Only settled beneficiary stock will be considered while squaring of FO/CDS short margin

e) Short Margin Penalty in CM / FO / CDS

- You are requested to fulfil the margin requirement as and when arise, as per the statutory guidelines prescribed by exchange (s) and circulars issued in this regard time to time. However, in case of failure (requirement not met by the client) on part of the client in meeting the margin requirements, resulting which penalty is levied by the Clearing Corporation on the member for short reporting of margins other than “upfront margins” such as consolidated crystallized obligation, Delivery margins, other margins (Mark-to-market & additional margins), the same shall be passed on to the client and same shall be charged from respective client.
- The following penalty shall be levied in case of short reporting by trading/clearing member per instance and further as charged by the Clearing Corporation from the TM

Short collection for each client	Penalty percentage
(< Rs 1 lakh) And (< 10% of applicable margin)	0.5
(≥ Rs 1 lakh) Or (≥ 10% of applicable margin)	1

- If short/non-collection of margins for a client continues for more than 3 consecutive days, then penalty of 5% of the shortfall amount shall be levied for each day of continued shortfall beyond the 3rd day of shortfall.
- If short/non-collection of margins for a client takes place for more than 5 days in a month, then penalty of 5% of the shortfall amount shall be levied for each day, during the month, beyond the 5th day of shortfall.
- Notwithstanding the above, if short collection of margin from clients is caused due to movement of 3% or more in Nifty (close to close) on a given day, (day T), then, the penalty for short collection shall be imposed only if the shortfall continues to T+2 day.

f) Negotiable Instruments updating:

- All negotiable instruments collected and deposited must be reported in stipulated format with can copy, Excel Format, Covering letter at margin@trustline.in or same should be punched on cheque portal .

Payout Guidelines

- Client can request for payout online or send a mail to payout@trustline.in. We accept the release of Securities/funds payout request of clients through e- mail/ verbal request or other assigned mode through their respective Branch / RM / HO. The limits are decreased from trading accounts once accounts sections intimate us about such payout requests. All requests to entertain limit or hold positions in short margin will only be allowed if client requests to cancel payout being processed after we receive a request via email

h. Online Trading Guidelines:

- TM will issue user ID & Password to all clients who have opted Internet based Trading (Online Trading) account. Such clients will execute trade through his Online Trading system. TM will not be responsible if such issued password disclosed to other person. Such clients have responsibility to execute trade and square off the position through provided Online Trading system within prescribed time frame and TM will not interfere in between trades as executed by client. In the special case, client may request to TM to square off the same. In absence of such request or otherwise, TM will square off the position as and when required

i) Risk Disclosure Guidelines:

- Clients must aware about the “Risk Disclosure Documents” as prescribed by SEBI/exchange. In the light of the various risk involved, as mentioned in the “Risk Disclosure Documents”, client should undertake transactions only if they understand the nature of the relationship into which executing trading. TM will not be held responsible for such Risk. The clients shall be solely responsible for the consequences and no contract can be rescinded on that account.
- It is hereby informed that, 9 out of 10 individual traders in equity Futures and Options Segment, incurred net losses.
- On an average, loss makers registered net trading loss close to ₹ 50,000
- Over and above the net trading losses incurred, loss makers expended an additional 28% of net trading losses as transaction costs.
- Those making net trading profits, incurred between 15% to 50% of such profits as transaction cost
- Source:
SEBI study dated January 25, 2023 on “Analysis of Profit and Loss of Individual Traders dealing in equity Futures and Options (F&O) Segment”,

wherein Aggregate Level findings are based on annual Profit/Loss incurred by individual traders in equity F&O during FY 2021-22.

j) Intraday Square off Guidelines:

- All intraday excess positions are subject to square off around 3:10 PM to 3:20 PM, all product conversion must be done before 3:00 PM.

k) Near Circuit Scripts Square off Guidelines:

- Clients are requested to track the movement of their scrips as well the margin levies thereto. However the RMS Team may also track the position and may square off the scrips breaches the 4% Tier (for Scrips with 5% Circuit), 8% Tier (for Scrips with 10% Circuit), 17% Tier (for Scrips with 20% Circuit Tier), also note that it is the prime responsibility of the client to square off the near circuit Scrips positions. The position may be squared off from RMS in case of failure of client in fulfilling its responsibility.

l) MTM Loss Guidelines:

- The RMS may trigger the square off your positions on your MTM reaching approximately 70% of your available margin, however the final square off may happen above or below 70% loss depending on the execution time and volatility at that point of time in the market.
- Client should further note that in the case of extreme volatility or with low liquidity contracts, the square off (MTM loss) may be above 100% of the available capital for which Client is solely responsible and liable to clear any debit occurs due to position square off.
- MTM Loss alert message is sent separately on client's registered mobile no. in real time basis.
- First alert will be sent @40% and above
- Second alert will be sent @60% and above
- Final alert will be sent @70% and above

After squaring off the client's outstanding position, he is also informed by Email as registered with us.

m) IBT Password Guidelines

- Password of Online Clients will be sent in two ways authentication process in which the login password will be sent by sms on their registered mobile no. and transaction password would be mailed at the client registered email Id. No request for sending at that any other email Id or on phone would be considered.

9. Escalation Matrix

TIER	Contact Person	Designation	Contact No.	Email Id	Purpose
TIER-4	Pradeep Yadav / Vijay	Executive	0120-4663333 (Extn-315)	For Equity rms@trustline.in For Commodity rms.commodities@trustline.in	-All Communications for requests / queries of RMS from Branches & Associates or Authorized Persons)
TIER-3	Bhupendra Singh / Ravi Panwar	Assistant Manager	0120-4663333 (Extn-318/317)	rms@trustline.in	-All Communications for clarifications for Client positions and M to M losses. -MIS / Stock Related Queries. Software Related understanding of reports.
TIER-2	Rajkumar Garg	Head Of Department	0120-4663333 (Extn-313)	compliance@trustline.in raj@trustline.in	-Communications regarding HNI / Approved Clients. - Request for holding of position (Subject to RMS square off) or special leverage under exceptional circumstances.
					-Trading Platform(OMNESYS) Application Tier issues (Connectivity related issues contact IT Department) All disputes /grievances not closed to the satisfaction of concerned persons at previous Tiers
TIER-1	Vinay Kumar Gupta	Director	0120-4663333 (Extn-364)	trustline@trustline.in	-All Exchange related issues and queries. -All other disputes / grievances not resolved to the satisfaction of concerned persons at previous Tiers

10. RMS POLICY: Important notes

- No Calls would be entertained for working outside the below mentioned rules.
- Limit against cheque collected from the client may be given by RMS Department on the same day in case of Transfer Cheque (Where issuing bank and the bank in which cheque is deposited is same) and in case of other cheques it is given after it gets cleared and Accounts Department gives that confirmation to RMS Department. Please note that in case the client is in short margin or 7 days Debit or is a critical client(in terms the limit would be provided only on cleared funds i.e. after the cheque gets cleared and accounts. Department gives that confirmation to RMS Department.
- The Cheque collected from the client is considered by RMS department when a mail is sent by the Branch at the id margin@trustline.in or same should be punched on cheque portal.
- (Approved List of Stocks) The Trading Limit for each client is fixed as the sum of his ledger balance and stock position after haircut. Hair-cut is determined on the basis of the category to which the stock belongs.
- While determining the Trading Limit of Client stock which is margin pledged in our favor. Unpledged stock in DP account of client is not considered.
- Short Fund Margin of the client is arrived at by deducting the stock position after Hair-cut from the Overall debit ledger Balance of the client i.e. the clients whose stock position after hair-cut is not enough to cover the debit in his ledger Balance is in short margin. Such clients have to give a cheque to cover the short margin before 10:00 AM otherwise the position of such client is squared off by the RMS department at H.O to the extent of the short margin.
- The clients are informed by sms on their registered mobile no. when their account comes in 5-days debit. Client is required to clear his debit on 5th day otherwise no further exposure will be granted after 6th day recurring from date of payin.
- The client needs to square off his intraday margin position by 3 o clock otherwise it's automatically squared off by RMS
- All Queries related to pending cheques deposited which is not cleared till date should be enquired in accounts section only Limits will be provided once the pending cheques are cleared in our accounts, no calls for any update in pending cheques should be accepted from branches or business associates as the same is intimated through accounts only.
- All High value same bank clearing deposited and reported at earlier trading sessions if not

cleared will not be considered for limits until the same is fully cleared in our books and any update in the same context will only be updated in accounts section only.

- In case of reversal or dishonor of a negotiable instrument RMS holds the right to square Off the Open positions and stocks in portfolio subject to the margin shortage amount arising due to such reversal or dishonor.
- If a Short margin instance which is squared off from RMS if reported later with fund transfers or other Class A Negotiable instruments with stipulated documents will be provided with the limits up to the amount reported to us by the way of such of such negotiable instruments (Only BM's and Authorized persons are allowed to contact tier3. RMS department for such limits, The executive will allow limit after properly scrutinizing of such reported negotiable instruments
- All Business managers are hereby advised to properly scrutinize the MTM losses and SPAN they are carrying for the next Day as the same will reveal the next day short margin.
- Far month contracts (Expiry of contracts does not fall within 180 days in Index option from the trade day) in Future & Option segment are not opened for trading to protect the client interest as far month contracts are less traded and illiquid. This initiative not only protects clients' hard-earned money but also restrain unscrupulous/malaise trade practices of trade matching in low liquid contracts to maintain healthy market environment.

11. Intimation: On best effort basis, clients will be notified of their trades/Risk- square off in case of margin shortfall through SMS & E-mail.

12. Review Policy

This policy may be reviewed by Compliance Officer / RMS Head / Authorized Personnel, in case any changes are introduced by any statutory authority or as and when it is found necessary to change on account of business needs or as per Risk Management Policy.

This policy is reviewed on 06/02/2023

13. Policy communication

A copy of this policy shall be made available to all the relevant staff/persons such as Compliance officer/department in-charge of RMS, authorized persons and shall be displayed on the website of the company under the link <https://www.trustline.in/downloads> .

14. Applicability:

This policy shall be applicable to all the client(s) registered with Trustline Securities Ltd.

15. Disclaimer Note:

Strictly Confidential - For Internal Communication / Dissemination purposes only.

Unintended recipients of this document are prohibited from disseminating, distributing, copying or using its contents. They should immediately destroy or notify the sender at 0120-41663300 or email at compliance@trustline.in.

We shall not be liable for any loss / damage caused by the usage of its content.

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